



Annual Report

2021



Annual Report

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Message

“This framework justifies the purpose that we all assume in the Águas de Portugal Group in making the difference in the lives of people through our commitment to providing a public service essential to human life, public health and the preservation of the environment.”

Water, sponsor of life! This is the simple and concise slogan that best defines the most precious of resources. Evidence that nevertheless still needs to be emphasised given how water is every bit as present in our daily lives as it is invisible. Hence, only in exceptional circumstances are we induced into rediscovering the value of water. It was thus, within the context of the concerns over both public health and climate change, that water emerged with such a high profile in 2021.

With a greater emphasis at the beginning of the year when we experienced some of the most dramatic periods of the pandemic, water took on its primordial role in contributing towards breaking chains of contagion. In contrast, in other regions of the world, the absence of treatment systems, water remains as a core vector for the transmission of diseases.

The differentiating factor consists precisely of the robustness of the infrastructures, processes and skills, the competences necessary to not only guaranteeing water safe for human consumption flows out of taps but also its subsequent return to the surrounding environment in conditions that help preserve and ensure the regularity of the prevailing ecosystems.

At the close of the year, whether via the global appeal for a reversal in policies and behaviours on the occasion of the Glasgow Climate Change Summit or due to the more immediate consequences of the hydrological year, the scarcity of water or its destructive excess again became a central focus of attention.

This framework justifies the purpose that we all assume in the Águas de Portugal Group in making the difference in the lives of people through our commitment to providing a public service essential to human life, public health and the preservation of the environment while also of great relevance to the local economy, regional cohesion and sustainable development.

We count on the knowledge and experience of over 3 500 professionals that integrate into a multipolar system of critical competences for the water sector anchored in nineteen companies located in Portugal and in other geographies. In partnership with the municipalities, we serve eight million consumers and contribute towards the wellbeing of all citizens.

We ensure the very highest standards across the functions of supplying water and treating wastewaters and correspondingly operating a network of infrastructures with a total length equivalent to double the perimeter of our planet.

Portugal ranks among the best performers in Europe in terms of water supply quality, wastewater service coverage and the positive externalities for public health, the environment and bathing waters.

Multilateral institutions have submitted a continued stream of requests for the national response capacity whether to help deal with emergency situations or to provide technical assistance for water service modernisation plans on various continents.

The Águas de Portugal Group displays a good economic and financial position that endows stability on the companies as they develop their activities and fundamentally empowers them to undertake the investment plans crucial to the efficient rehabilitation and expansion of infrastructures. This also enables an appropriate response to the new challenges facing the sector, inherent to the ecological and digital transitions.

In 2021, the volume of investment made advanced by 25% in relation to previous years to total 155 million euros. Given the consolidated business turnover of 725 million euros and deploying the capacity to generate gross cash flow in excess of 50%, the EBITDA corresponds to a debt multiple of lower than 4 (years), a clearly robust indicator in a capital intensive industry and with a relatively stable profile over the long timeframe of the concessions.

In the year ending, the consolidated net result rose to 83 million euros, which reflects a very positive development highlighted especially within a context of the substantial reduction in the market reference rate through fixing the shareholder remunerations of the managing entities of the multi-municipal systems. Furthermore, we may point to equally favourable progress in cost recovery deviations, totalling 59 million euros.

A special word of appreciation is owed to the members of staff at each of the companies in this Group, recognising their great sense of mission and untiring commitment in the complex and demanding circumstances prevailing throughout the pandemic.

Within the framework of uncertainties that defines our current times and given the societal challenges that we are facing, Portuguese citizens may continue to count on the Águas de Portugal Group as a reference for stability, increasingly cohesive, robust and of ever greater social utility.

This is our great responsibility and frames our commitment



José Furtado

President of the Board of Directors

The Group

“Within the framework of uncertainties that defines our current times and given the societal challenges that we are facing, Portuguese citizens may continue to count on the Águas de Portugal Group as a reference for stability, increasingly cohesive, robust and of ever greater social utility.”

in Message from the President



**AGUAS DE
PORTUGAL**



Summary of key indicators (consolidated)

Economic-financial figures

	MEUR			
	2018	2019	2020	2021
Turnover ⁽¹⁾	657.9	691.5	715.3	725.2
Cost recovery deviation (CRD)	(15.5)	(38.1)	(55.4)	(58.9)
Turnover with CRD	642.4	653.4	660.0	666.3
Operating result ⁽²⁾ (OR)	165.3	160.9	142.7	141.3
EBITDA ⁽³⁾	343.0	365.7	374.1	378.9
Financial results	(26.8)	(30.4)	(23.4)	(18.0)
Net annual result ⁽⁴⁾	87.3	83.1	78.6	83.3

(1) Does not include the earnings of either construction (IFRIC 12) or CRD. | (2) Results before interest and tax.

(3) OR + Amortisations + Provisions + Losses due to impairments and reversions – CRD – Investment subsidies - Earnings/ Construction costs (IFRIC 12).

(4) Attributable to the AdP SGPS holding company.

	MEUR			
	2018	2019	2020	2021
Operating assets (net) ⁽¹⁾	4 568.5	4 542.3	4 470.6	4 413.8
Investment (increases) ⁽²⁾	133.8	144.2	128.9	155.8
Client debts ⁽³⁾	348.3	276.4	297.8	267.1
Total assets	6 141.9	6 137.0	6 138.6	6 120.0
Financial debt ⁽⁴⁾ Total	1 924.2	1 842.9	1 793.2	1 707.9
Financial debt – Net ⁽⁵⁾	1 797.4	1 671.9	1 514.0	1 363.4
Financial debt net/ EBITDA ⁽⁵⁾	5.2	4.6	4.0	3.6
Investment subsidies	1 563.3	1 523.1	1 484.0	1 445.3
Own capital ⁽⁶⁾	1 589.2	1 650.0	1 707.2	1 770.5
Non-controlled interests	312.8	316.6	321.8	327.6

(1) Intangible assets + Tangible assets + Right-of-use assets + Investment properties. | (2) Investment deduced from right-of-use assets.

(3) Refers only to the amounts billed for water and sanitation. | (4) Loans + Leasing liabilities with financial entities.

(5) Financial debt total – availabilities. | (6) Includes non-controlled interests.

	MEUR			
	2018	2019	2020	2021
Financial structure ⁽¹⁾	1.2	1.1	1.0	1.0
Solvability ⁽²⁾	0.7	0.7	0.7	0.7
Financial autonomy ⁽³⁾	0.5	0.5	0.5	0.5
Growth in turnover ⁽⁴⁾	5.0%	5.1%	1.4%	1.4%
EBITDA Margin ⁽⁵⁾	52.1%	52.9%	52.3%	52.3%
Pre-tax ORCE ⁽⁶⁾⁽⁷⁾⁽⁸⁾	5.3%	5.8%	6.5%	6.5%

(1) Bank debt/ Own capital. | (2) (Own capital + Subsidies)/ Liability. | (3) (Own capital + Subsidies)/ Asset. | (4) Net of CRD and IFRIC 12.

(5) EBITDA/ Turnover net of CRD. | (6) EBIT ⁽⁷⁾/ Capital employed. ⁽⁸⁾ | (7) OR – CRD.

(8) Net total asset - Short term liability - Investment subsidies - CRD – Deferred tax asset.

Activity data

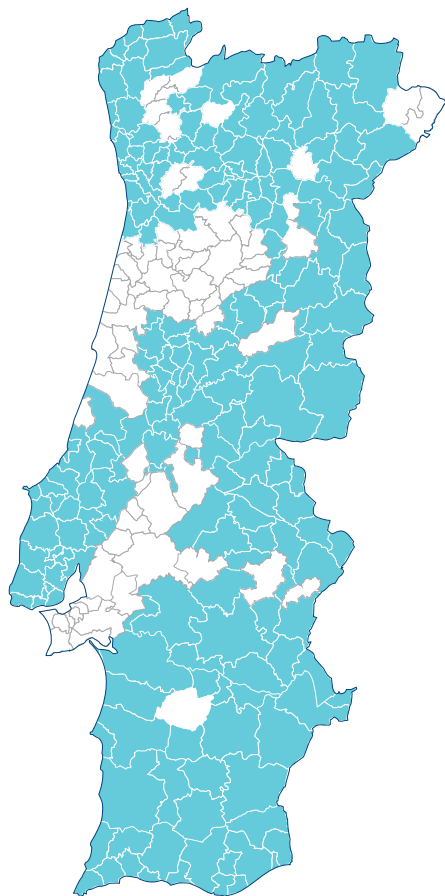
	Unid.	2018	2019	2020	2021
Volume of water produced	M m ³	578.8	597.3	597.2	599.4
Volume of water acquired	M m ³	14.6	22.3	25.8	15.5
Volume of water distributed ⁽¹⁾	M m ³	69.9	71.5	74.6	79.3
Volume of water invoiced	M m ³	592.4	613.9	618.6	620.3
Volume of wastewater treated	M m ³	514.1	498.1	518.5	512.6
Volume of wastewater invoiced ⁽²⁾	M m ³	484.3	491.0	503.2	507.8
Number of staff ⁽³⁾	n.º	3 290	3 308	3 499	3 589

(1) Includes water distributed by EPAL, AdSA, AdRA, AdNorte and AdAM

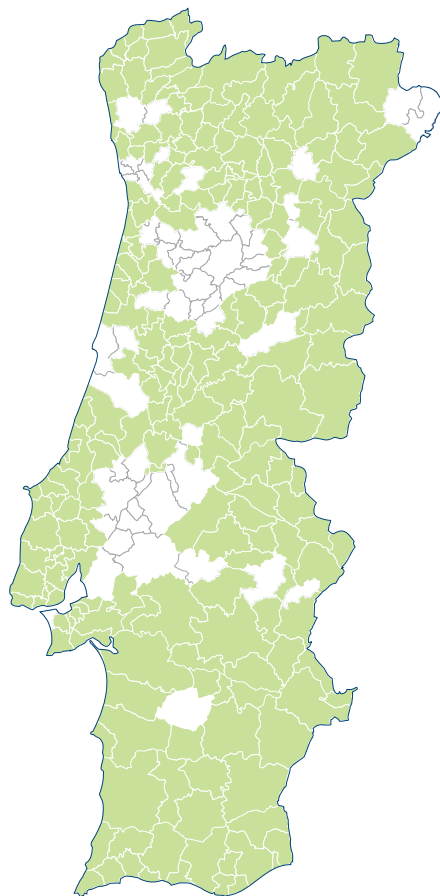
(2) Includes the effect of tariff income invoicing.

(3) Active employees + employees with suspended contracts (on 31/12).

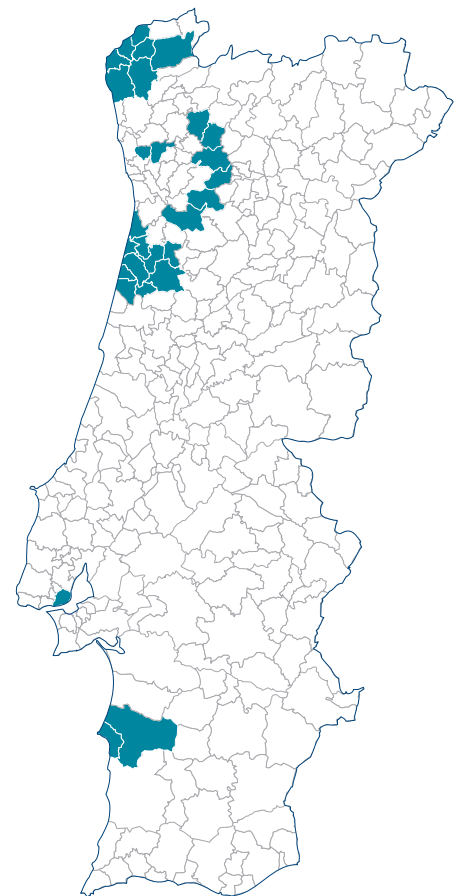
BULK WATER SUPPLY



BULK WASTEWATER TREATMENT



RETAIL WATER SUPPLY AND WASTEWATER TREATMENT





Who we are

AdP - Águas de Portugal. SGPS, S.A. (AdP as a group or AdP SGPS as a separate holding company) was set up in 1993 to respond effectively to the major challenges facing the environmental sector. It is a publicly-owned limited liability company, a holding company that, through its subsidiaries, manages the urban water cycle, operating a number of water supply and wastewater treatment systems, bulk and retail, in mainland Portugal, under concessions, partnerships or delegated management.

Our purpose is to “MAKE THE DIFFERENCE IN THE LIVES OF PEOPLE”.

Vision

To be one of the most efficient and sustainable international operators in water management through focusing on excellence in client service, innovation, resilience, energy and carbon neutrality and the circular economy.

Mission

To design, build, operate and manage water supply and wastewater treatment systems within a framework of economic, financial, technical, social and environmental sustainability with a high level of competence, capable of responding effectively and efficiently to the great challenges currently facing Portugal and the world in the environment sector.

Commitments

Due to the structural role played in the environment sector, contributing decisively to managing the resources available to the country and putting public policies into practice and striving for national objectives in the environmental field, with transversal impacts across every human activity, the AdP Group assumes the following commitments to society in striving to achieve its mission:

- Sustainability in the usage of natural resources and the preservation of water as a strategic resource essential to life,
- Balance and improvement of environmental quality,
- Equity in access to basic services,
- Promoting wellbeing by improving the quality of life of citizens.

History

Founding of CAL - Companhia de Águas de Lisboa, concession holder for the water supply to the city of Lisbon until 1974, then succeeded by EPAL - Empresa Pública das Águas de Lisboa. In 1991, EPAL became a public limited company with fully state-owned capital, and was renamed EPAL - Empresa Portuguesa das Águas Livres, S.A. (EPAL).



Founding of Águas de Portugal under the auspices of the IPE – the state investment and holdings institution, with responsibility for developing the multi-municipal water supply and wastewater sanitation systems and also awarded the entire equity capital of EPAL.

Creation of the first Multi-Municipal Water Supply Systems: for the North and South Greater Oporto Metropolitan Area, the Greater Lisbon Area, Eastern and Western Algarve [Decree Law no. 379/93, 5 November].

Creation of the Multi-Municipal Wastewater System of Costa do Estoril and creation of SANEST. EPAL was in charge of the Multi-Municipal Water Supply System of the Greater Lisbon Area.

Receipt of European Union funding following approval of the first applications to the Cohesion Fund, which enabled the Group to undertake the necessary investments in water supply and wastewater sanitation infrastructures.



Launch of Aquapor - Serviços, S.A. (Aquapor hereafter), a company formed to participate in the municipal systems market and to support the Group's intervention in international markets, prioritising Portuguese speaking countries such as Angola, Brazil, Cape Verde and Mozambique.

Completion of AdP's first European Investment Bank (EIB) financing operation.

Creation of the first Multi-Municipal Wastewater Management system of Ria de Aveiro.

First Aquapor holding, in consortium with private companies, in a municipal system concession for exploration and management of the municipal water and sanitation system (Figueira da Foz).

Intensification of activities in international markets, with the holding company investing in companies in Brazil (EBAL and Prolagos) and in Mozambique (Aquatec).

1868

1993

1995

1996

1997

1998

1999

Creation of the Multi-Municipal Sanitation System of the Lis River.

International consortium for the concession of the water supply to the five main cities of Mozambique, giving rise to the Águas de Moçambique concessionaire. Entry into the Cape Verdean market, with the acquisition, in a consortium with EDP, of the majority of the capital stock of Electra, an electricity and water company.

2000

Integration of Empresa Geral do Fomento, S.A. (EGF) into the AdP Group as a sub-holding for the waste area.

Creation of three more Multi-Municipal Sanitation Systems: Baixo Cávado and Ave, Algarve and Greater Oporto.

Merger of the companies Águas do Barlavento Algarvio and Águas do Sotavento Algarvio and founding of Águas do Algarve.

Creation of the first Integrated Multi-Municipal Water Supply and Wastewater Management: Zêzere e Côa, North Alentejo, West and Minho-Lima and the establishment of the three respective concessionaires (Águas do Zêzere e Côa, S.A., Águas do Minho, S.A. and Lima and Águas do Oeste, S.A.).

Beginning of the cooperation project in East Timor.

2001

Creation of AdP - Águas de Portugal Internacional - Environmental Services, SA, (AdP Internacional), with the mission of managing the AdP Group's businesses outside the national territory.

Creation of new Integrated Multi-Municipal Water Supply and Wastewater Management Systems (of Trás-os-Montes and Alto Douro and the Border Region, Zêzere and Nabão) and the Wastewater Multi-Municipal System of the Tagus and Trancão rivers.

Establishment of Águas de Santo André, SA, the concessionaire of the System for the Collection, Treatment and Distribution of Water for Public Consumption, the Collection, Treatment and Rejection of Effluents and the Collection, Treatment and Final Destination of Solid Waste of Santo André, formerly managed by Instituto da Água.

Acquisition of Luságua - Gestão de Águas, SA by Aquapor, which becomes the market leader for private concessions.



2002



Completion of the decommissioning, closure and environmental recovery process of about 300 rubbish dumps by EGF.

Creation of the Multi-Municipal Water Supply and Wastewater Management System of Vale do Ave.

Acquisition of 55% of the capital of AQUASIS - Sistemas de Informação, SA (AQUASIS), an information systems company designed for the water sector.

2003

Creation of the Multi-Municipal System of Water Supply and Wastewater Management for Central Alentejo.

2004

Creation of the Multi-Municipal Water Supply and Wastewater Management System of the Setúbal Peninsula.

Creation of the Multi-Municipal Water Supply and Wastewater Management System of Baixo Mondego-Bairrada.

2005

Publication of the Water Law, transposing the Water Framework Directive into Portuguese law. Portugal also experienced an unprecedented drought this year. AdP collaborated in the development and implementation of a wide-reaching awareness campaign on the rational usage of water and minimising the effects of the drought.

2007



Restructuring of the AdP Group to ensure greater focus on the management of multi-municipal water supply and wastewater treatment systems. Beginning of the Aquapor disposal process alongside other companies with complementary activities in international markets.

Beginning of studies by the AdP Group related to the integration projects for a set of more than 150 municipalities, including the definition of the state of municipal systems, the investment plan, the associated schedule and the estimated business turnovers.

Internationalisation in the waste sector, through an EGF consortium with the Mozambican company Neoquímica, to win the tender for waste collection in the urban area of Maputo, Mozambique.

2008

Sale of Aquapor and other companies in non-core activities (Recigro and Electra).

2009

Launching of the new model for the integrated management of the urban water cycle based on the signing of partnership agreements between the State and municipalities, and the first partnerships established: in the region of Aveiro, involving 10 municipalities and having AdRA - Águas da Região of Aveiro, SA as the managing entity, and in the Alentejo region, involving 21 Municipalities and AgdA - Águas Públicas do Alentejo, SA as the managing entity.

Creation of the Multi-Municipal Water Supply and Wastewater Management System of Greater Oporto.



2010

Creation of the Multi-Municipal Water Supply and Wastewater Management System of the Northwest by merging the Multi-Municipal water supply systems in the north of the Greater Oporto area and supplying water and sanitation services to Minho-Lima and the Ave Valley.

Incorporation of the AdP Internacional subsidiary in Angola (AdP Angola).



2012

A set of territorial, organisational, regulatory and financing reforms of the water sector in general takes place to ensure continuity, universality, quality and sustainability in the delivery of these essential public services.

Launching of the Integrated Energy Efficiency Plan of the AdP Group (PEPE) by AdP Energias.

2013

The Public Partnership between the Portuguese State and eight Municipalities for the creation of the Water System of the Northwest Region and attributing its management to the Partnership thereby established.

2014

The new statutes of the Water and Waste Services Regulator (ERSAR) and the detailed bill for water and waste services are published. The Operational Program for Sustainability and Efficiency in the Use of Resources (PO SEUR) 2014-2020, an instrument of the Europe 2020 Strategy for Sustainability and the Efficient Use of Resources, is approved.



The Strategic Plan for Water Supply and Wastewater Sanitation is approved (PENSAAR 2020).

The territorial reorganisation of the AdP Group's bulk water supply and sanitation systems is legislated through a process of aggregation into larger systems that leads to the creation of three companies, Águas do Norte, SA, Águas do Centro Litoral, SA and Águas de Lisboa and Vale do Tejo, SA.

Establishment of AdP Guiné-Bissau and AdP Cabo Verde.

Sale of 95% of EGF's share capital.

Approval, at the general shareholders meeting, of the creation of four additional companies, through the spin-off of Águas do Norte and Águas de Lisboa and Vale do Tejo, based on criteria of efficiency, fairness and solidarity between systems.

Operational launch of companies Águas do Douro e Paiva, SA, SIMDOURO - Saneamento do Porto Grande, SA, Águas do Tejo Atlântico, SA and SIMARSUL- Sanitation of the Setúbal Peninsula, SA.

Sale of the remaining holding (5%) in EGF's share capital.

Signing of the Collective Working Agreement with the CGTPIN and UGT trade unions, establishing the terms and conditions relating to salaries, careers, fringe benefits and the organisation of work in the AdP Group company not yet covered by collective working agreements. Approval of the liquidation of MIESE - Vila Real/Alijó - Sistemas Energéticos a Biomassa, Lda.

Sale of the 55% stake in the equity capital of AQUASIS.

Commemorations of the 25th anniversary of AdP SGPS.

Celebrations of the 150th anniversary of EPAL

Inauguration of the Environment Education Centre "Water at 360°" by the AdP Group in Lisbon.

2015

2016

2017

2018

2019

AdP Group company bills for direct consumer services begin detailing the consumption of water in litres within the framework of fostering awareness about the consumption of water and raising awareness over its rational usage.

Establishing the partnership between the Portuguese state and seven municipalities for the founding of the Alto Minho Water System and attributing its operation and management to a new AdP Group company, AdAM - Águas do Alto Minho, S.A..

Awarding of the management of three dams (Azibo, Apartadura and Odeleite-Beliche) to AdP Group companies following the entrance into effect of Decree Law no. 160/2019, of 24 October.

2020

Definition of the Strategic Commitment Framework for the AdP Group for the triennial 2020 – 2022.

Launch of the ZERO Program seeking to obtain energy neutrality in AdP Group national and international operations through the production of 100% renewable energy by 2030.

Reorganisation of the AdP Group Corporate Centre and the reconversion of the shared service provider company to AdP Valor, which thereby assumes the mission to drive strategic innovation and the circular economy.

2021

Establishing the production and supply of Water for Reutilisation as a core activity essential to public service.

Conclusion of the COVIDetect pilot-project with the objective of producing an early warning system for the SARS-CoV-2 virus in wastewaters to contribute to improving responses towards any eventual new outbreaks of disease.

Launching the Innovation 360° Strategy, assuming innovation as a vector for accelerating and enabling the AdP Group commitment for the decade and defining the path of the AdP Group in evolving towards the paradigm necessary to meet the new societal challenges.

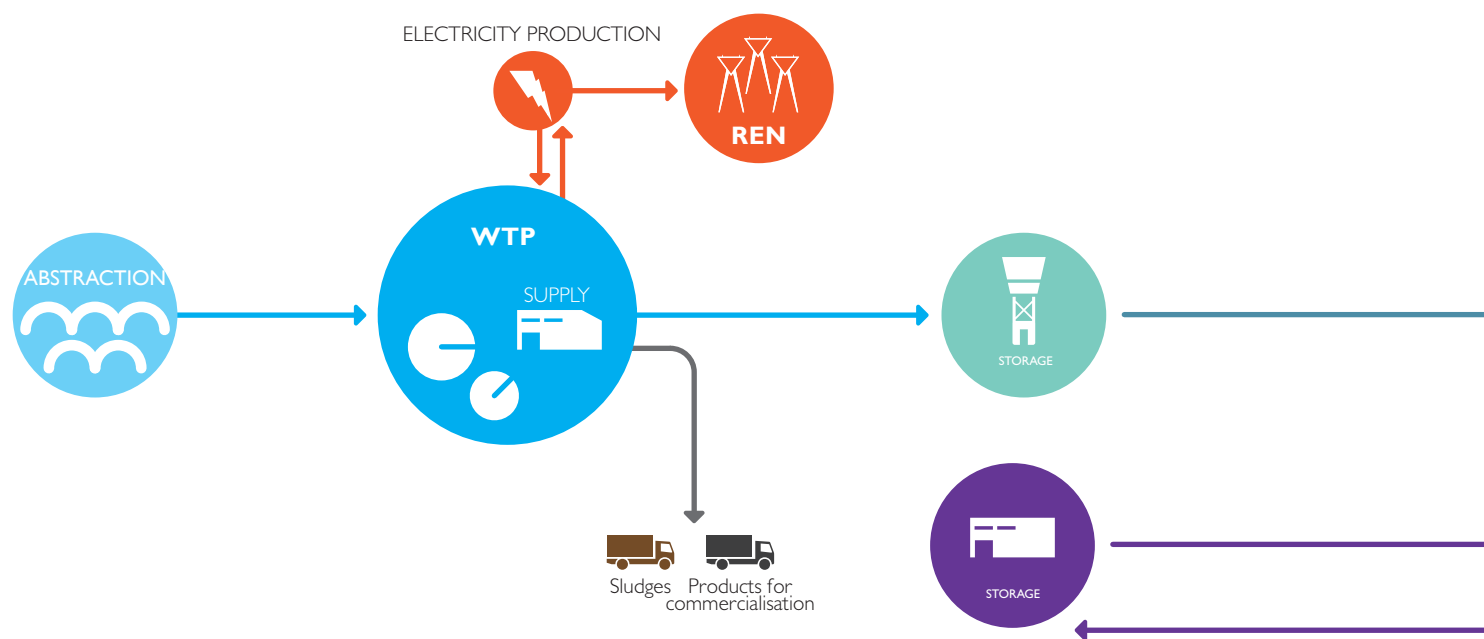
Systematising the Integrity Commitment of the AdP Group, strengthening the governance model based on the highest ethical standards, on transparency, responsibility and excellence in public management practices.



Managing the urban water cycle

The AdP Group, through its subsidiaries, deploys a widespread presence across mainland Portugal, from north to south, with its core activity the integrated management of the urban water cycle throughout all of its phases, ranging from capture through to recycling and reutilisation while passing through the treatment and distribution of water for public consumption, collection, transport, treatment and the rejection of urban and industrial wastewaters.

Water and energy efficiency are strategic Group objectives within the context of managing water scarcity and adapting to climate change and fostering the circular economy, highlighting the production of water for reutilisation (ApR) and valuing the sub-products resulting from water treatment processes, with examples including sludges and nutrients, and capitalising on the energy capacities of assets and endogenous resources, specifically biogas from anaerobic digestion and the installation of solar power production equipment at facilities and infrastructures.



Abstraction

Collection of water, both surface and subterranean, from the hydric environment. This may include pumping activities.



WTP - Water Treatment Plant

Treatment

Correction of the physical, chemical and bacteriological properties of water to render it fit for human consumption.

Supply

Transport of water upstream. May include pumping and storage activities.



Electricity production

Production of electricity from hydro, wind and solar sources.



Storage

Storage of water so as to enable the continual operation of the supply network.



Storage

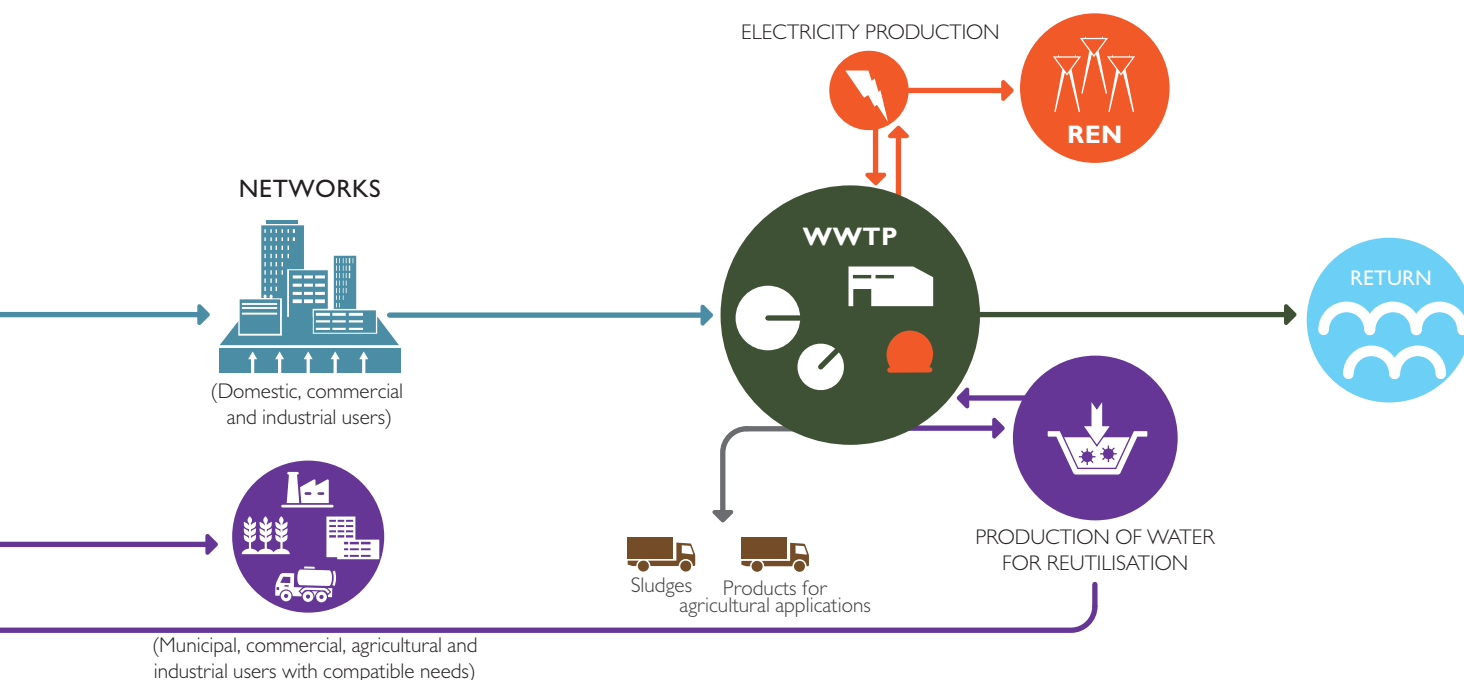
Storage of water for reutilisation.

UPSTREAM

DOWNSTREAM

These subsidiaries, when formed out of partnerships between the State and Municipalities, may take on concessionary company models for state owned systems (multi-municipal systems) or municipal system management companies under a public partnership regime, with the equity capital majority owned by AdP SGPS on behalf of the State.

The AdP Group also operates; (i) in the renewable energies sector with the objective of maximising the leveraged energy potential both of its assets and of endogenous resources, and (ii) in international markets, through the provision of services in association with local partners or Portuguese companies in this sector:



NETWORKS

Distribution

Distribution of water to consumers in the quantities and at the pressure required by their needs. May involve pumping activities.

Collection

Collection of the wastewater produced. May involve pumping activities

Transport

Transport of wastewater from their point of collection to the wastewater treatment plant units. May involve pumping activities.



WWTP - Wastewater Treatment Plant

Treatment and recovery

Correction of the physical, chemical and biological characteristics of the wastewater taking into consideration the final destination of the treated wastewater.

Recovery of the treatment process sub-products (energy value of the sludges, production of water for reutilisation, recycling of nutrients, etcetera).



Production of water for reutilisation

Production of water for reutilisation for internal and external usage.



Electricity production

Production of electricity through capturing the biogas produced by the anaerobic digestion of sludges, and from hydro, wind and solar sources.



Return

Return of treated waters that are not subject to reutilisation to the hydric environment.

DOWNSTREAM

UPSTREAM

AdP Group Organisation

Ownership structure

The shareholders structure of AdP – Águas de Portugal, SGPS, S.A. is the following:



The ownership structure is held by Parpública - Participações Públicas, SGPS, S.A. (81%) and by Caixa Geral de Depósitos (19%).

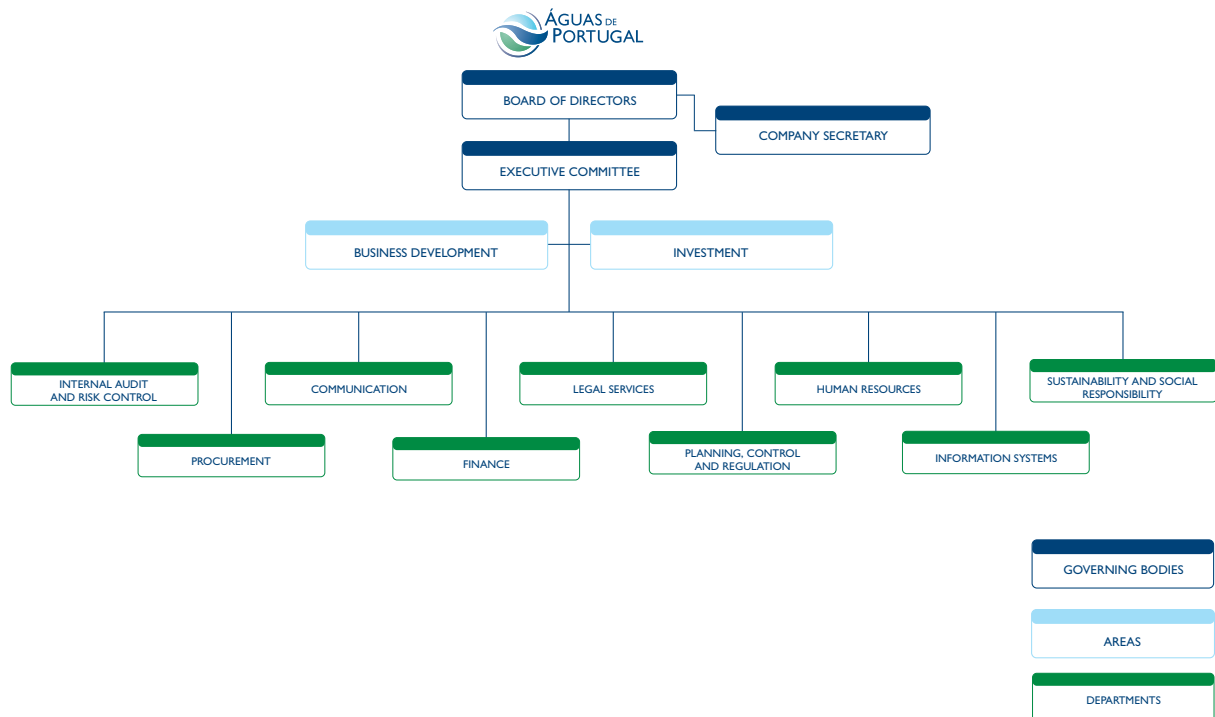
Corporate Organisational Structure

As at 31 December 2021, the AdP Group incorporated 19 subsidiaries, 13 of which managed water supply and wastewater treatment services in addition to four subsidiaries operating in international markets.



The AdP SGPS functional structure

AdP SGPS is structured into functional areas to support both the implementation of the regulatory and financial guidelines for the sector and Group management, focusing its actions on the social, environmental, technical and economic-financial sustainability of the Group; its relationships with its respective stakeholders, optimising capital and human resources and on excellence.



Governing bodies, supervisory bodies and the external auditor

Officers of the General Assembly

Chair Isabel Sofia Sousa Santos Albuquerque

Vice-Chair Maria Helena Dias Duarte

Secretary José Espírito Santo Menezes e Teles

Board of Directors

Chair José Carlos Athaíde dos Remédios Furtado

Vice-Chair José Manuel Leitão Sardinha

Director Catarina Isabel Clímaco Monteiro d'Oliveira

Director Carla da Conceição Afonso Correia

Director João Pedro Moura Castro Neves

Non-executive Director Jaime Serrão Andrez (representing Parpública)

Executive Committee

Chair José Carlos Athaíde dos Remédios Furtado

Vice-Chair José Manuel Leitão Sardinha

Director Catarina Isabel Clímaco Monteiro d'Oliveira

Director Carla da Conceição Afonso Correia

Director João Pedro Moura Castro Neves

Supervisory Board

Chair Carla Maria Lamego Ribeiro

Director Mário José Alveirinho Carrega

Director Rui Manuel Mendes Cabeças

The Chartered Accountant

Grant Thornton & Associados, SROC, Lda.,
represented by Pedro Miguel Raposo Lisboa Nunes, ROC

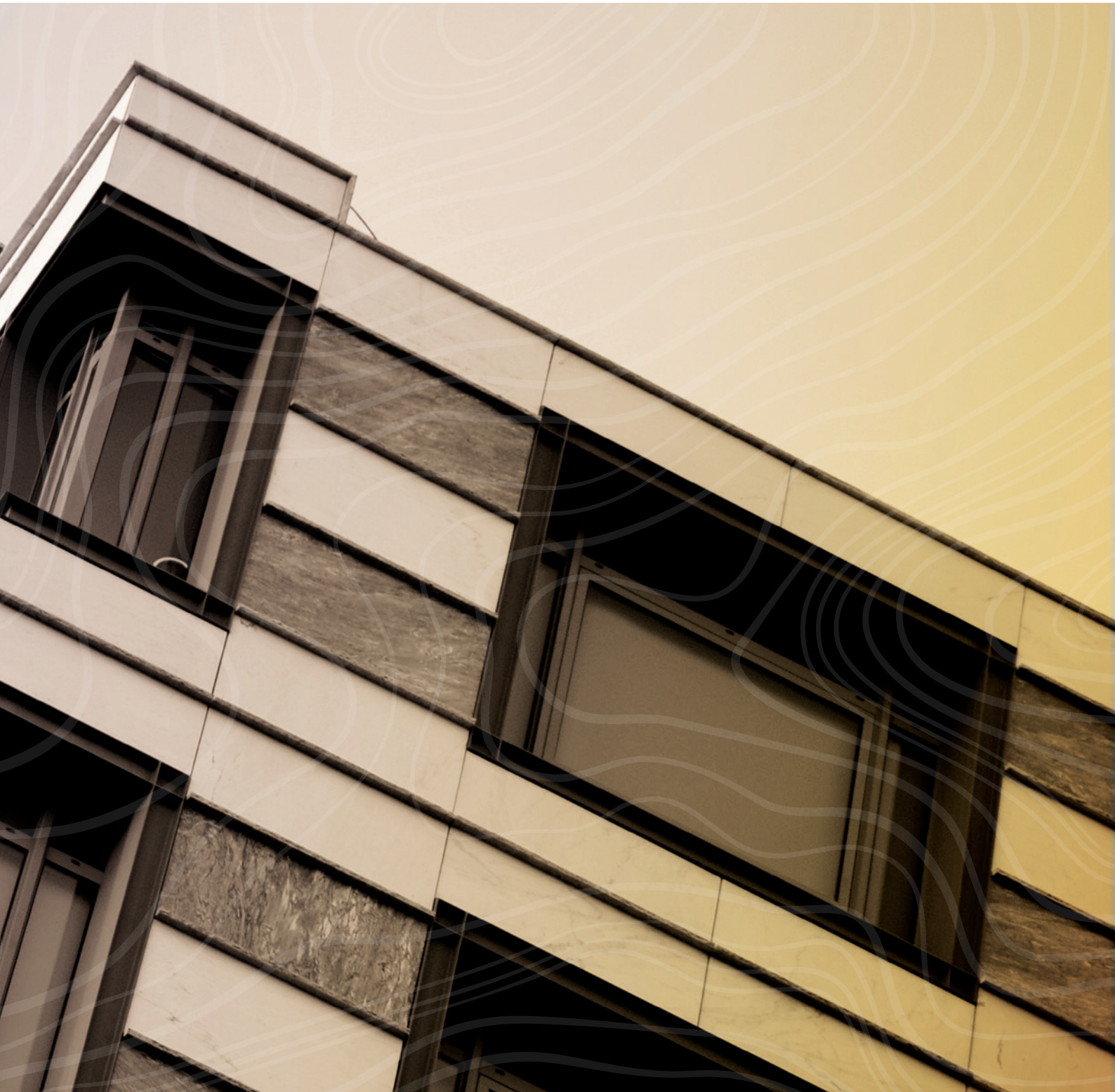
Company Secretary

Appointed Cristina Rebelo Pereira

Supplementary Ricardo Cortes Ribeiro

External Auditor

Pricewaterhousecoopers, SROC, Lda.



Shareholding portfolio at 31st december 2021

Management Entities

Company	Holding ⁽¹⁾	Headquarters	Activity
Águas de Santo André, S.A.	100.00%	V.N. Santo André	Bulk and retail water supply, sanitation and waste collection
EPAL - Empresa Portuguesa das Águas Livres, S.A.	100.00%	Lisbon	Bulk and retail water supply
Águas do Norte, S.A.	68.73%	Vila Real	Bulk and retail water supply and sanitation
Águas do Vale do Tejo, S.A.	68.74%	Guarda	Bulk water supply and sanitation
Águas do Centro Litoral, S.A.	60.33%	Coimbra	Bulk water supply and sanitation
SIMDOURO - Saneamento do Grande Porto, S.A.	58.52%	Vila Nova de Gaia	Bulk sanitation
Águas do Algarve, S.A.	54.44%	Faro	Bulk water supply and sanitation
AdRA - Águas da Região de Aveiro, S.A.	51.00%	Aveiro	Retail water supply and sanitation
AgdA - Águas Públicas do Alentejo, S.A.	51.00%	Beja	Bulk water supply and sanitation
Águas do Douro e Paiva, S.A.	51.00%	Oporto	Bulk water supply
SIMARSUL - Saneamento da Península de Setúbal, S.A.	51.00%	Quinta do Conde	Bulk sanitation
Águas do Tejo Atlântico, S.A.	50.68%	Lisbon	Bulk sanitation
AdAM - Águas do Alto Minho, S.A.	51.00%	Viana do Castelo	Retail water supply and sanitation

(1) Percentage of capital subscribed

Other Subsidiaries

Company	Holding ⁽¹⁾	Headquarters	Activity
AdP – Águas de Portugal Internacional – Serviços Ambientais, S.A.	100.00%	Lisbon	International commercialisation of the IT and management systems and the provision of technical services in the water sector and to international sub-holdings
AdP Valor – Serviços Ambientais, S.A.	100.00%	Lisbon	Provision of shared services to the AdP Group
AdP Energias – Energias Renováveis e Serviços Ambientais, S.A.	100.00%	Lisbon	Development of activities within the field of environmental management
AdP Timor-Leste, Unipessoal Lda.*	100.00%	Díli, East Timor	Provision of technical services to the water sector
Águas do Brasil, S.A.	100.00%	Rio Janeiro, Brazil	Sub-holding for Brazil
Aquatec, Lda.*	100.00%	Maputo, Mozambique	Provision of technical services to the water sector
Trevo Oeste - Tratamento e Valorização de Resíduos Pecuários, S.A.	43.20%	Alcobaça	Treatment and valuation of livestock residues

(1) Percentage of capital subscribed

* Indirect holding of AdP SGPS, via AdP Internacional (in the cases of Aquatec and AdP Timor-Leste)

Offices

AdP Internacional, office in Angola (headquartered in Luanda, Angola).

AdP Internacional, office in Cape Verde (headquartered in Cidade da Praia, Cape Verde).

AdP Internacional, office in Guinea Bissau (headquartered in Bissau, Guinea Bissau).

AdP Internacional, office in Sao Tome and Principe (headquartered in Vila Maria, São Tomé).



Key events

Of particular relevance to the AdP Group, there was the enactment of key legislation for the water sector, specifically Decree Law no. 16/21, of 24 February, to establish the grounding for the production and supply of Water for Reutilisation as a core activity of the essential public service, complementary to Decree Law no. 119/2019, which had established the juridical regime for the production of water for reutilisation.

In parallel, the AdP Group drafted its Reutilisation Action Plan alongside regional plans for studying the viability of water reutilisation within the context of each operating company and defining concrete measures for each region with various reutilisation project already developed and in effect across different scales and regional contexts – for example, irrigating crops, golf courses and urban green areas, industrial washing and utilisations, and among others -, which has also contributed to boosting awareness, creating synergies among stakeholders, overcoming barriers and developing secure and appropriate solutions.

March saw the public presentation of the Innovation 360° Strategy, which reflects the adoption of innovation as a vector for flexibility and acceleration of the AdP Group commitments for the decade, defining the path towards the paradigm necessary to respond to the new societal challenges. Within this framework, over the next three years, the AdP Group is to allocate over a million euros to a fund specifically designed to finance new projects and accelerate strategic innovation.

In May, there was the release of the results for COVIDetect, the research project launched in 2020 and developed by a consortium including various AdP Group companies, the University of Lisbon Faculty of Science and the Analysis Laboratory of the Higher Technical Institute seeking to establish an early warning system for the presence of the SARS-CoV-2 virus in wastewaters and thereby contribute to improving responses to any eventual new outbreak of disease.

Through collaboration with the European Commission within the scope of a pan-European initiative for the application of wastewaters as a sentinel for the presence of SARS-CoV-2 in the population, the consortium responsible for the COVIDetect pilot project made a significant contribution towards the final draft Recommendation (EU) 2021/472 issued by the Commission as regards a common approach to establishing a surveillance system for SARS-CoV-2 and its variants in the wastewaters of the EU, published on 17 March 2021.

Within this context, the Humberto Delgado airport in Lisbon was one of the sites selected by the European Commission's Joint Research Center for staging a preliminary study on the identification of SARS-CoV-2 virus variants, including the participation of the AdP Group through Águas do Tejo Atlântico.

Deepening the partnership with Global Compact Network Portugal, an organisational member for over a decade, and seeking to boost the contribution towards obtaining the Sustainable Development Goals, the AdP Group signed up to SDG Ambition in Portugal, a program set up with the objective of accelerating the implementation of the United Nations Agenda 2030.

In June, the AdP Group was invited to participate in two sessions within the United Nations framework, specifically:

- a session of the thematic ministerial forum "Enabling SDGs through inclusive, just energy transitions" in preparation for the High Level Dialogue on Energy that took place in September at the 76th session of the United Nations General Assembly, when there was the presentation of the work undertaken by the Group within the scope of the water-energy nexus, the strategy for energy neutrality, the production of green energy and promoting the circular economy.
- At the event organised by the European Union Delegation, the Permanent United Nations Missions of Portugal, Mozambique and Antigua and Barbuda and the Alliance of Small Island States, on the theme of "Accelerating Adaptation in the Decade of Action for SDGs - Scaling up Planning and Mobilizing Finance for Adaptation Actions", which saw the presentation of examples of strategies for adaptation to climate changes, specifically two projects carried out in developing countries with a particular focus on the AdP Group mission to Mozambique in 2019 in the wake of the devastation caused by cyclones Idai and Kenneth, and the assistance provided to the East Timor government within the scope of drafting the Masterplan for the Drainage and Sanitation of Díli.

The AdP Group has subscribed to the Manifesto of the BCSD Portugal "On Track for COP26", which includes a set of objectives of great relevance to the debate at the 26th United Nations Conference on Climate Change

(COP26), which took place between 31 October and 12 November in Glasgow, the United Kingdom.

Dedicated to the theme "From local knowledge to global value – on track for sustainability", the 13th AdP Group Engineering Days, which were held in a virtual format in 2021, confirmed their role as a privileged stage for sharing knowledge and experience and promoting our new projects among the Group's engineering professionals as well as staging sessions open to the general public.

As regards the commitment towards an energy transition for a more sustainable and decarbonised economy, highlights include the renovation of the energy certification of the AdP Group operating fleet, which includes vehicles powered by conventional fuels as well as 100% electric vehicle under the auspices of the ADENE Move+ program. This certificate provides information on the energy and environmental efficiency of the fleet while simultaneously identifying opportunities for energy savings, cost reductions and the minimisation of greenhouse gas emissions, all objectives of the ZERO energy neutral program.

The targets set by the ZERO Program, especially in terms of energy self-sufficiency are global to the AdP Group and are not evaluated on an individual company basis. This also involves the management companies of the multi-municipal systems in state-local government partnerships, the support services and the international operations. This reflects how some companies will produce a surplus of energy while others shall continue to operate with energy deficits while leveraging the best energy resources in their respective locations and avoiding investments in less profitable locations according to the currently market available technology.

In addition, we would state that the development of the ZERO Program equally considered the energy consumed by all AdP Group installations (operational and non-operational), both in Portugal and internationally, and as well as the energy consumption incurred by its operating vehicle fleet.

The AdP Group ZERO Program foresees the establishing of a Renewable Energy Community, vital to the energy balance between the production and consumption units and designed to reach the national scale and involving every company and all the territories they serve.

The founding of this Renewable Energy Community at the heart of the AdP Group, whether acting in isolation or eventually in partnership with its stakeholders, will enable energy transactions between points of consumption among community members, in addition to plans for support mechanisms for more disadvantaged populations, thus combating energy asymmetries. It makes every sense that Group energy production constitutes a factor for cohesion, valuing the territory, which has been at the core of our DNA from the outset.

We may also highlight the signing of a cooperation protocol with EDM – a Mining Development Company and ADENE – the State Agency for Energy with a view to taking advantage of former mining zones subject to environmental restoration for the production of electricity based on renewable sources.

The signing of two contracts with the Ministry of Energy and Waters of the Republic of Angola, for a total amount of 10.5 million dollars, with financing from the World Bank and the European Investment Bank, for technical assistance for the development of water supply and wastewater sanitation services, will serve to benefit 2.5 million people in various different provinces, was a key development in the international activities ongoing in 2021.

Furthermore, in Cape Verde, within the scope of a new environmental agenda for the next four years signed with Portugal, the AdP Group holds responsibility for implementing two projects, one focused on the circular economy for the reutilisation of water and recovery of sludges for agriculture on the island of Santiago and with the other involving the design of a Sanitation Plan for Fogo island.

In the international sector, other leading developments include the co-organisation of the financiers conference for the investment program in the urban water supply of Mozambique for the 2022-2032 period, backed by FIPAG – the Investment Fund for Water Patrimony in Mozambique, which took place in Maputo in September 2021.

Subsequently, and within the scope of cooperation with FIPAG, there was the organisation of the first Water Days bringing together specialists from Mozambique and Portugal for a technical working session focused on regulation, the institutional and management framework of

the sector, investment management and the challenges of operational management.

The AdP Group also features among the eight Portuguese Flagship Companies leading the objective of obtaining 40% of women in decision-making positions by 2030, having subscribed to the National Goal for Gender Equality, an act that reiterates the objective of fostering equality of treatment and opportunities and the balanced participation of men and women in professional activities.

Our commitment to active and sustainable corporate citizenship was strengthened in 2021, especially through signing up to the GRACE business association and the #EmpresasResponsáveis movement in Portugal, dedicated to promoting corporate responsibility and the development of sustainable business cultures.

An event of major relevance in 2021 reflects in the review of the integrity model of the AdP Group with the systematic definition of an Integrity Policy, which identifies the different internal entities and instruments that undertake the implementation of the commitments made in terms of ethics, compliance and other interrelated legal obligations – Code of Ethics and Conduct; Risk Prevention Plan for Corruption and Similar Infractions; Regulations for the Voluntary Reporting of Irregularities; Manual for the General Procurement Regime and Purchase Manual – with some of the instruments and procedures hitherto in effect subject to updating and articulating with the European directive on the protection of individuals reporting infringements of European Union law (Whistle Blowing).

The governance structure of organisational ethics was also strengthened with the establishing of an Ethics Council as a consultative organ in conjunction with expanding the Ethics Commission, the executive body with powers in terms of analysing reports, questions and ethical issues reported through confidential and safe means of communications set up for this purpose, particularly as regards the reporting of irregularities.

The AdP Group integrity commitment, which was publicly presented in December, stems from a governance model incorporating the highest ethical standards, transparency, responsibility and excellence in the public management practices subscribed to by every Group company.

Awards and achievements

- AdP Internacional received an Honourable Mention in the Pedro Cudell Internationalisation Award, in the Large Company category. This award is an initiative by SOFID, S.A. to award and raise the profiles of projects of excellence carried out by Portuguese companies that focus on African countries and impact on the Sustainable Development Goals through their activities.
- The CSAGOM – the Service Contract for the Management, Operation and Maintenance of Water Supply Systems for Huíla Province in Angola, implemented by AdP Internacional through EPASHuíla, in Angola, was the winner in the “Services” category of the PT Global Water Awards 2020-21, awards that distinguish and celebrate leading international projects by entities in the Portuguese water cluster and attributed by the Água & Ambiente journal and PPA – the Portuguese Partnership for Water.
- ERSAR highlighted the best practices for management entities in the water and waste sectors in Portugal, in 2020 and 2021, with the attribution of Seals of Quality and Excellence Awards. These distinctions reflect the commitment and dedication of all Group members of staff even within the extremely difficult context brought about by the COVID-19 pandemic, placing excellence of service first and foremost. The following AdP Group members received awards:
 - EPAL picked up the Excellence Award for Public Service in the Supply of Water (to consumers), for the Efficient Usage of Water and the Quality of the Public Water Supply Service (to the consumer),
 - Águas de Santo André, S.A. and Águas da Região de Aveiro with Seals of Quality for their Exemplary Quality of Water for Human Consumption, and
 - Águas do Algarve, with two Seals of Quality in the categories of Efficient Water Usage and the Public Water Supply Service (for entities) and with the Award of Excellence in the latter category.
- The APDA – Pipes of Gold Awards, attributed during the National Meeting of Water and Sanitation Management Entities (ENEG 2021), distinguished the following Group companies in 2021:
 - Águas do Norte won in the “Best Climate Change Adaptation Project”, for its project “Climate change strategy of Águas do Norte – Pretarouca Dam”.
 - EPAL was an award winner in two categories: “Best Action for Sustainability” for the work “Educating for the Protection of Ecosystems and Biodiversity” and “Best Value Action for Water” for the inclusive project “Communicating with Everybody – Partnerships for implementing multiformat communications”.

- The “Environmental Education in Action” project by EPAL/ AdVT was distinguished with an Honourable Mention under axis SDG 4 – Quality Education by the APEE – the Portuguese Association of Business Ethics at the 7th Ceremony of Recognition for Socially Responsible and Sustainable Practices. This distinction recognises the importance of this project, designed for a school age population ranging from pre-school to secondary and in conjunction with their families across the geographic extent covered by these companies, approximately a third of Portugal.
- Águas do Tejo Atlântico received a Diploma for Best Business Responsibility Practices from APCE – the Portuguese Association of Communications Companies. In 2021, the company also received an Honourable Mention (2nd place) in the Safeguard Rivers Awards attributed by GEOTA for the Indigenous Fish project stemming from a partnership with ISPA university with the objective of annually monitoring, throughout the dry season, the threatened indigenous freshwater species in the intermittent rivers of central Portugal.
- AdRA – Águas da Região de Aveiro received the LAC AC (Leadership in Client Service – Safe & Care) certificate from the Portuguese Institute of Client Relations in recognition of the “excellence quality” of its in-store attendance services and their safety even when faced with the pandemic while Águas do Norte renewed its COVID SAFE certification across every client attendance point from APCER – the Portuguese Certification Association.
- Águas do Norte picked up an Honourable Mention in the European competition “Top European Award on Industrial Excellence”, promoted by COTEC PORTUGAL, the IESE Business School and the AESE Business School, which distinguished its respective digital transformation process.
- Águas do Norte also received the Openness Award 2021 for the “AdN4.0+: Increasing service efficiency through re-engineering and dematerialising processes”, awarded by ESOP – the Portuguese Association of Open Source Software Companies

